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STATISTICAL BULLETIN

Highlights

- HOME SALES STILL IN A SLUMP BUT CAR SALES ARE REBOUNDING
- AND TOTAL CONSUMER DEMAND HAS QUICKENED ITS PACE
- LABOR MARKET ACTIVITY IS QUITE STRONG
- INDUSTRIAL CONDITIONS ARE IMPROVED
- BUT, INFLATION JITTERS UNSETTLE FINANCIAL MARKETS
- AS DOES THE LACK OF PROGRESS ON THE TRADE DEFICIT
- INTEREST RATES ARE MOVING UP
- OUTLOOK• AVERAGE ECONOMIC GROWTH OF CLOSE TO 3% OVER LAST HALF OF 1987 AND FIRST HALF OF 1988

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The U.S. economy is displaying renewed vigor as it approaches its 6th year of expansion. And that's problematic. The prospect of an overheated economy generating inflation has already helped to push interest rates higher. Moreover, given the U.S. appetite for foreign goods, domestic economic growth is pulling up imports, worsening the trade deficit.

The combination of higher interest rates and a wider trade deficit could weaken domestic economic growth. However, the consensus of the **Economic Forecasts** is that the economy will probably be able to maintain a 2½% to 3% rate of growth through mid-1988. That forecast is supported by continued increases in consumer demand as well as recovery in business investment. The intensity of global competition is fueling investment, and ample corporate cash flow is helping to finance it.

Whether growth will begin to dissipate depends, in part, on what happens to interest rates and the trade deficit. But it is also tied to sustained momentum in consumer demand for domestic and/or imported goods, after 5 years of strong expansion.

DOMESTIC MARKET MONITOR

The good news on the labor front requires a few qualifiers. Economic growth has been fast enough in recent months to keep pace with the growth of the adult population. Yet the unemployment rate dropped sharply—to 5.9% in August, from 6.3% in May. That might be indicating that some potential jobseekers remain on the sidelines. Indeed, most of the new jobs have gone to teenagers and minorities. There was no rise in adult white male employment over the last 3 months.

One of the more positive trends in the labor market is that job growth is well distributed between service and goods industries. And hiring will probably continue. The Conference Board's **Help-wanted Index**, a measure of labor demand, approximated its all-time peak level this Summer. More people are working and some are working longer. Hours worked in nonmanufacturing were 1.1% higher in August than in May.

INCOME: Hourly pay rates have started to climb. The average in private industry was $9.03 in August, compared with $8.77 in July. Last August, the average hourly rate was $8.77.

Vigorous wage growth reflects more workers, some working longer hours and some getting more money per hour. Wages in commodity-producing industry were 0.7% higher in July than 3 months earlier. Wages in other industries were 1.2% higher.

Consumer borrowing remains quite subdued. New auto debt, associated with a pickup in car sales, has been the only noticeable change in recent months. As auto sales have historically been interest-rate sensitive, the rise in auto debt may prove short-lived.

All the good news about jobs and wages has bolstered consumer attitudes. The Conference Board's Consumer Confidence Index stood at 110.1 (1985=100) in August, compared with 85.4 in January. In addition to a more favorable assessment of current conditions, expectations about near-term job and pay prospects have risen.

SPENDING: Consumer buying is firmly on the upswing. Retail sales, except cars, were 1.1% higher in July than 3 months earlier, despite a 0.4% drop in furniture and appliance sales. Gains in income and positive attitudes should add strength to consumer buying.

New domestic **Automobile Sales** in August were the highest so far this year. Consumers were also buying up foreign cars—and that is reflected on the import side of the trade figures. Higher interest rates could lead to slower sales.

CONSTRUCTION: The slump in the housing market is deepening. Although single-family home sales were as high in July as in the prior 2 months—they were 11% below July, 1986. That single-unit construction is still declining suggests that builders expect the market to continue to be weak. Higher mortgage rates would only dampen demand.

Nonresidential construction is also in a slump. New construction was 3.3% lower in July than 3 months earlier. Despite the decline in activity, construction employment remains unchanged. That might signal some recovery in nonresidential building.

PRODUCTION: Total output was 1.9% higher in July than 3 months earlier. Production gains were fairly similar for intermediate and finished goods. The major exception to this trend was that defense- and space-related output was flat, following substantial increases in Spring 1987.

Continued gains in output are pushing production toward full capacity utilization. The overall rate was 80.5% in July, a full point higher than 3 months earlier. These data are probably understating utilization. Low idle resources may add to infationary pressure.

The recent gains in new orders are better than they appear at first glance. Defense orders were 10% lower in July than 3 months earlier. But orders for nondefense capital goods were 11.4% higher — another indication that business investment may be recovering.

. Ken Goldstein, Editor

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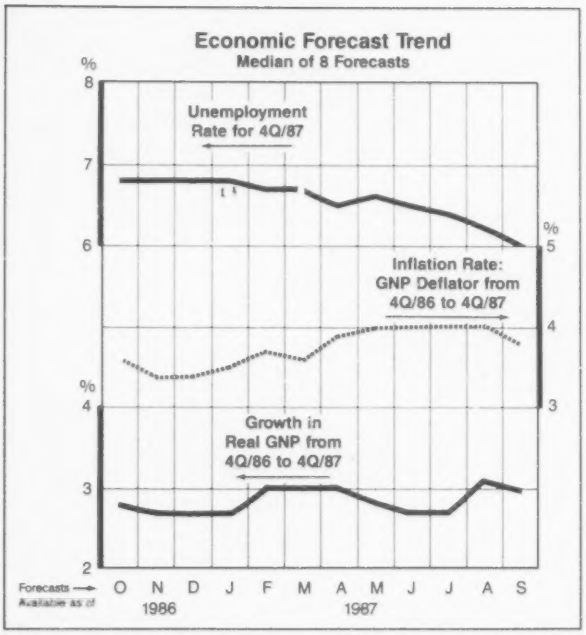


The Conference Board's survey of **Capital Appropriations and Expenditures** showed that spending rebounded in the 2nd quarter. New spending plans are also on the rise. After 5 years of expansion, and with current expectations of continued growth through 1989, business leaders are trying to muster the resources necessary to keep pace with demand and to compete in globally inter-connected markets.

INVENTORY: The rise in stocks is keeping pace with higher industrial sales. Inventory-to-Sales ratios were generally no higher in June than 3 months earlier. One exception to the trend is that, except for cars at the retail level, durable goods inventory was 1% higher while sales were only up 0.2 percent. This is attributable to weak furniture and appliance sales, which should pick up.

INFLATION: The financial market was responding more to inflation potential than inflation. The year-long rise in commodity prices took a breather this Summer, as did farm prices—except for meat. Raw food prices at the wholesale level were unchanged in August. Energy price rises have slowed. Prices of finished goods were also unchanged in August, after rising by only 0.2% in each of the prior 2 months.

Consumer price increases have slowed. The CPI rose 0.2% in July—half the rate prevailing over the prior 5 months. The price rise for commodities (except food and energy) was 0.3% in July (or 3.8% annualized.) The consensus of the **Economic Forecasts** is still for a 4½% annualized rise in the CPI for 4th quarter 1987; a less than 5½% rise is forecast for 1988.

INTERNATIONAL MONITOR

The trade figures for June and July clearly suggest that domestic economic growth continues to fuel imports. Total imports were 12% higher in July than 3 months earlier.

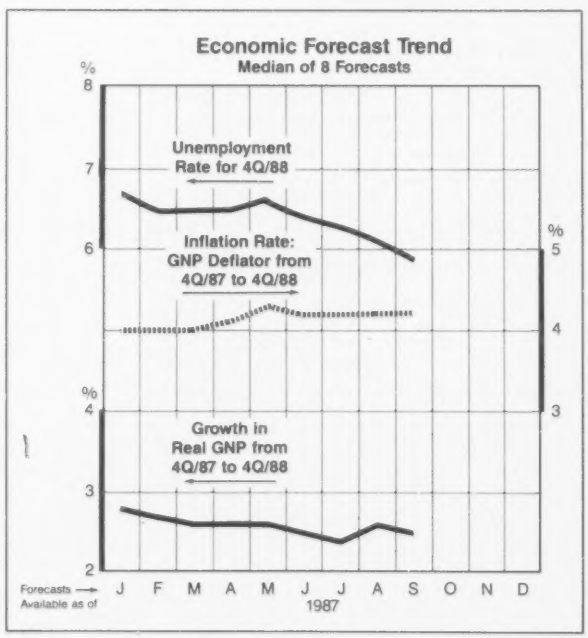
Imports of manufactured goods were 8.5% higher. Much of that increase is attributed to a surge in imports of aircraft and parts. Imports of all other manufactured goods were 7.3% higher.

Another clue to the import puzzle is the 19% rise in imports of transport equipment from Japan over the last 3 months. Over the same period, shipments from Canada fell by almost one-third and shipments from all other countries were flat.

While growth in the U.S. is helping foreign exporters, U.S. exports face sluggish markets abroad. Total U.S. exports were only 2.5% higher in July than 3 months earlier. And shipments of manufactured goods were actually 2.3% lower.

Exports to Japan were 18% higher in July than 3 months earlier. Exports to the EEC rose by a similar percentage. But exports to other European countries were 7.4% lower and to Canada, 24% lower.

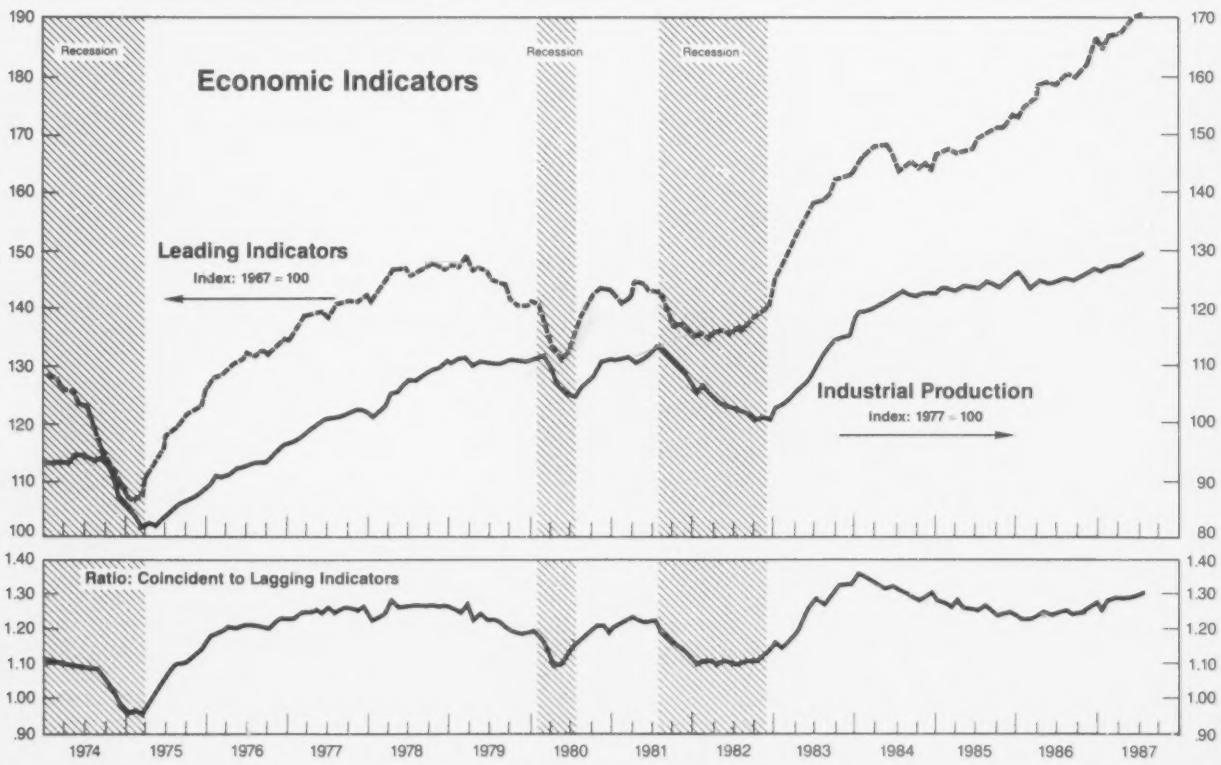
Ken Goldstein
September 14, 1987



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Jul.	X			2.1%	6.6%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Jul.	X			6.1%	10.3%
New orders, nondefense capital goods (deflated)	Jul.	X			5.8%	11.1%
*New business formation	Jul.			X	- 3.5%	- 2.3%
*Housing permits	Jul.			X	- 6.9%	-16.4%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Jul.			X	- 2.1%	4.1%
*Change in inventory, on hand & order (deflated)	Jun.	X			8.5%	36.8%
Purchasing agents' buying policy	Jul.			X	- 5.0%	2.0%
*Vendor performance, reported slower deliveries	Jul.	X			5.0%	8.0%
Industrial raw materials prices	Aug.	X			5.6%	35.8%
*Change in sensitive material prices	Jul.	X			2.1%	1.5%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Jul.		X		- 0.5%	1.6%
Change in business loans	Jul.			X	-56.4%	-53.7%
*Change in credit outstanding	Jun.		X		3.7%	1.6%
Change in consumer installment debt	Jun.	X			37.6%	-18.6%
Profitability						
Total corporate profits, after tax (deflated)	2nd.Q	X			3.6%	6.9%
*Common stock prices	Aug.	X			13.7%	34.2%
Marginal Employment Adjustments						
*Average workweek, mfg.	Jul.		X		0.4hr	0.4hr
*Initial unemployment claims (inverted)	Jun.		X		4.1%	13.5%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



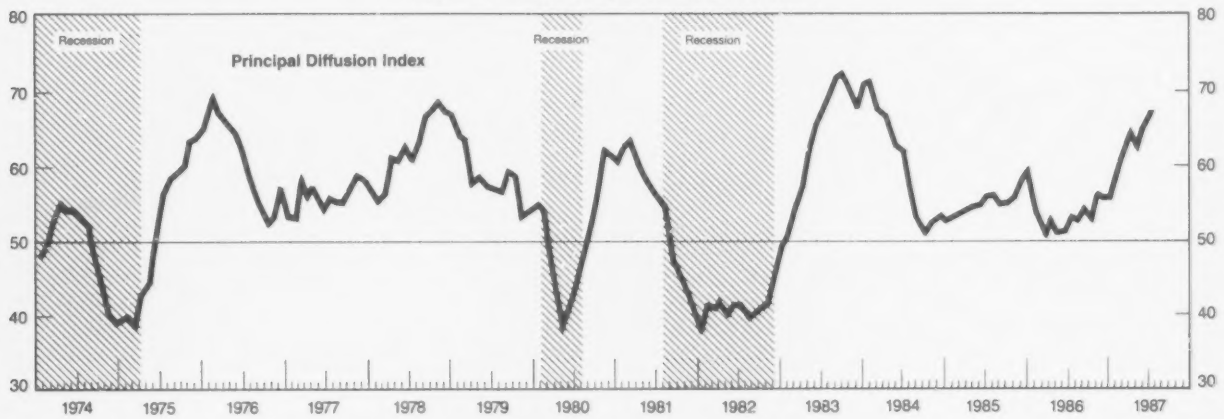
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1986 Jul.	1987 Apr.	May	Jun.	Jul.(e)
Principal Diffusion Index	54.1	64.3r	62.7r	65.1r	67.3
Auxillary Diffusion Index	56.9	57.4r	44.8r	58.0r	57.2
Industrial Group	51.1	60.8	59.7	63.4r	64.7
Nonindustrial Group	57.1	67.7r	65.6r	66.8r	70.0
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	67.5	68.8	68.8	73.5r	77.8
Labor	44.7	57.8	55.5	57.4r	60.6
Miscellaneous	42.3	56.4	56.4	63.5	55.1
Nonindustrial Subgroups					
Prices	67.3	82.1	85.3	88.5	91.7
Consumer	73.9	73.9	67.9	72.6	71.8
Building	29.5	50.6	44.2	45.5r	53.8
Miscellaneous	51.7	63.2r	64.5r	60.7r	64.5

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984 Aug.	Nov.	Feb.	1985 May	Aug.	Nov.	Feb.	1986 May	Aug.	Nov.	Feb.	1987 May
	Score (scale 0-100)											
Measure of Business Confidence	61	57	61	52	51	55	61	61	50	51	55	55
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	70	57	62	48	45	53	63	61	44	50	56	55
2. Expectations for Economy, Six Months Ahead	57	57	61	53	53	56	62	62	52	51	54	53
3. Expectations for Own Industry, Six Months Ahead	57	58	61	55	54	56	59	60	54	53	56	56

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

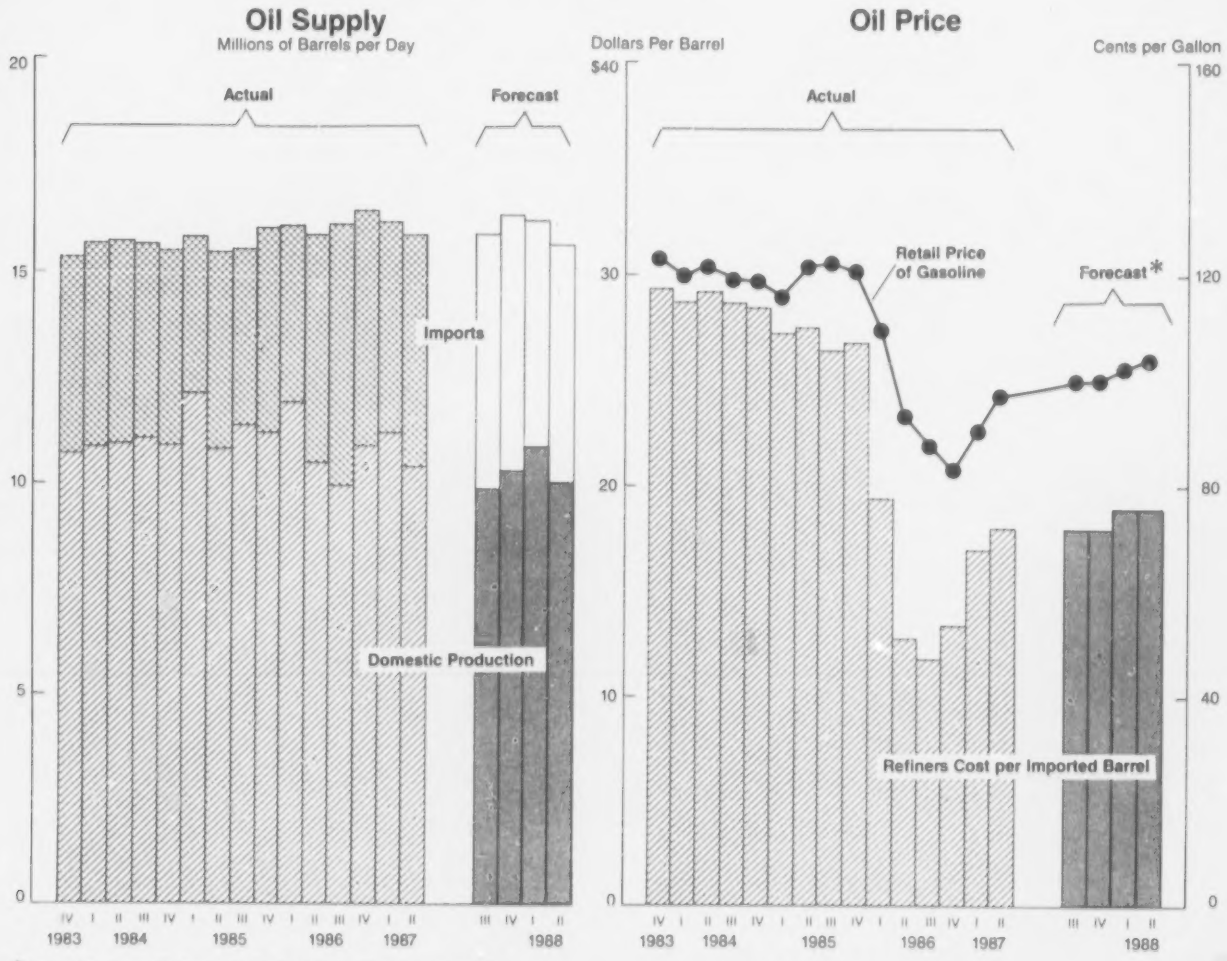
Billions of Dollars, Seasonally Adjusted

	1985	1986			1987		Percent Change From Previous Year	
	IV	I	II	III	Ir	IIp	Actual	Estimate
1000 LARGEST MANUFACTURING FIRMS								
New appropriations	27.190	23.386	19.991	20.203	21.441	26.235	- 2	15
Capital expenditures	26.336	23.566	24.309	22.4[illegible]	20.801	22.897	- 6	5.5
Change in appropriations backlog*	-2.594	-2.368	-6.447	-5.[illegible]	-0.549	+2.702		
Durable Goods								
New appropriations	12.005	11.613	9.578	10.051	9.746	13.232	- 3.5	16
Capital expenditures	12.676	11.479	11.880	12.186	11.124	11.288	- 6.4	1.5
Change in appropriations backlog*	-3.063	-1.582	-3.824	-3.986	-1.791	+1.594		
Nondurable Goods								
New appropriations	15.185	11.773	10.413	10.152	11.695	13.003	• 10.9	13.5
Capital expenditures	13.660	12.087	12.429	10.266	9.677	11.609	- 3.1	10.5
Change in appropriations backlog*	+0.469	-0.786	-2.623	-1.074	+1.522	+1.108		
ELECTRIC & GAS UTILITIES								
New appropriations	5.093r	8.692r	9.084	5.094	5.044		+ 3	
Capital expenditures	9.078r	8.417r	7.425	8.115	7.839		- 2.0	
Change in appropriations backlog*	-4.984r	-0.261r	+1.773	-7.325	-0.028			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

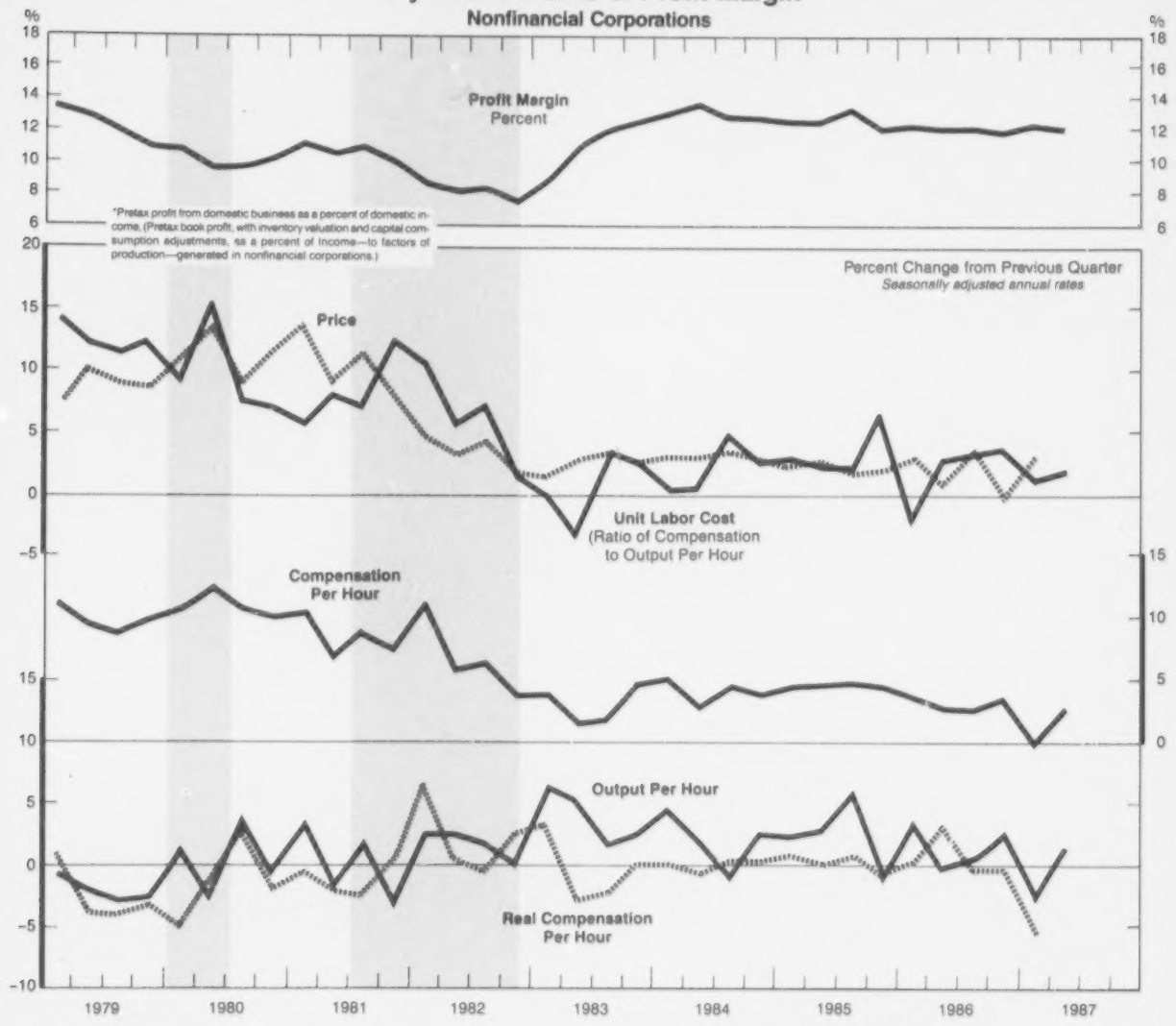
r—revised p—preliminary

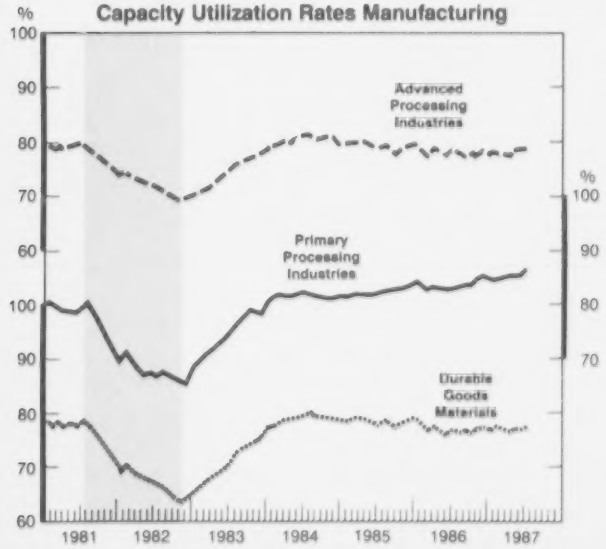
* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments).



* Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Aug., 1987*		*Aug., 1987*		*Aug., 1987*		*Aug., 1987*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1987**	**II**	**$4447.7**	**6.6%**	**$4447.7**	**6.6%**	**$4447.7**	**6.6%**	**$4447.7**	**6.6%**
		III	4542.5	8.8	4513.7	6.1	4528.8	7.5	4523.9	7.0
		IV	4617.8	6.8	4588.7	6.8	4614.4	7.8	4577.2	4.8
	1988	I	4716.3	8.8	4674.1	7.7	4696.7	7.3	4653.0	6.8
		II	4796.3	7.0	4761.1	7.7	4780.2	7.3	4735.6	7.3
		III	4868.1	6.1	4849.7	7.7	4863.9	7.2	4816.4	7.0
		IV	4937.4	5.8	4940.9	7.7	4943.7	6.7	4894.6	6.7
	1989	I	5024.3	7.2	5040.6	8.3	5008.7	5.4	4974.9	6.7
		II	5108.5	6.9	5137.9	7.9	5070.3	5.0	5045.4	5.8
		III	5194.9	6.9	5190.0	4.1	5132.3	5.0		
	1987	Annual	4496.4	6.2	4481.9	5.8	4492.1	6.1	4481.6	5.8
	1988	Annual	4829.5	7.4	4806.5	7.2	4821.1	7.3	4774.9	6.5
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1987**	**II**	**$3793.7**	**2.3%**	**$3793.7**	**2.3%**	**$3793.7**	**2.3%**	**$3793.7**	**2.3%**
		III	3844.8	5.5	3814.9	2.3	3825.0	3.3	3821.5	3.0
		IV	3876.8	3.4	3838.2	2.5	3855.0	3.2	3838.0	1.7
	1988	I	3923.0	4.9	3862.1	2.5	3888.0	3.5	3860.6	2.4
		II	3950.8	2.9	3886.0	2.5	3915.0	2.8	3890.9	3.2
		III	3966.7	1.6	3908.4	2.3	3948.0	3.4	3915.3	2.5
		IV	3982.7	1.6	3931.0	2.3	3974.0	2.7	3938.7	2.4
	1989	I	4006.1	2.4	3949.6	1.9	3991.0	1.7	3953.6	1.5
	1989	II	4028.7	2.3	3965.0	1.6	4005.0	1.4	3962.9	0.9
		III	4051.6	2.3	3947.8	-1.7	4019.0	1.4		
	1987	Annual	3821.9	2.9	3804.8	2.5	3811.5	2.6	3806.4	2.5
	1988	Annual	3955.8	3.5	3896.9	2.4	3931.3	3.1	3901.4	2.5
Gross National Product deflator Index, 1982 = 100										
Actual	**1987**	**II**	**117.2**	**3.4%**	**117.2**	**3.4%**	**117.2**	**3.4%**	**117.2**	**3.4%**
		III	118.1	3.1	118.3	3.7	118.4	4.0	118.4	4.0
		IV	119.0	2.9	119.6	4.2	119.7	4.5	119.3	3.0
	1988	I	120.2	4.2	121.0	5.0	120.8	3.7	120.5	4.3
		II	121.4	4.0	122.3	5.0	122.1	4.4	121.7	4.0
		III	122.7	4.4	124.1	5.2	123.2	3.7	123.0	4.4
		IV	124.0	4.1	125.7	5.3	124.4	4.0	124.3	4.1
	1989	I	125.4	4.7	127.6	6.3	125.5	3.6	125.8	5.1
	1989	II	126.8	4.5	129.6	6.3	126.6	3.6		
		III	128.2	4.5	131.5	5.9	127.7	3.5		
	1987	Annual	117.6	3.1	117.8	3.2	117.8	3.3	117.8	3.3
	1988	Annual	122.1	3.7	123.3	4.7	122.6	4.1	122.4	3.9
Unemployment Rate										
Actual	**1987**	**II**		**6.2%**		**6.2%**		**6.2%**		**6.2%**
		III		6.0		6.0		6.0		6.0
		IV		5.9		5.9		6.0		6.1
	1988	I		5.6		5.9		6.0		6.1
	1988	II		5.5		5.9		6.1		6.0
		III		5.4		5.9		6.2		6.0
		IV		5.4		5.9		6.4		5.9
	1989	I		5.4		5.9		6.6		5.9
		II		5.4		6.1		6.8		5.8
		III		5.4		6.4		6.9		
	1987	Annual		6.2		6.2		6.2		6.2
	1988	Annual		5.5		5.9		6.2		6.0

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on first revised second quarter data.

ECONOMIC FORECASTS (continued)

The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Aug., 1987		*Aug., 1987*		*Aug., 1987*		*Aug., 1987*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$4447.7	**6.6%**	**$4447.7**	**6.6%**	**$4447.7**	**6.6%**	**$4447.7**	**6.6%**	**II**	**1987**	**Actual**
4526.0	7.2	4504.7	5.2	4520.1	6.7	4501.2	4.9	III		
4610.0	7.6	4576.7	6.5	4582.7	5.7	4577.8	7.0	IV		
4680.0	6.2	4642.0	5.8	4667.5	7.6	4668.5	8.2	I	1988	
4745.0	5.7	4717.0	6.6	4733.9	5.8	4756.1	7.7	II		
4827.0	7.1	4800.7	7.3	4794.1	5.2	4846.8	7.9	III		
4919.0	7.8	4875.2	6.4	4857.5	5.4	4935.3	7.5	IV		
		4965.1	7.6	4940.9	7.0	5017.9	6.9	I	1989	
		5046.1	6.7	5020.4	6.6	5094.8	6.3	II		
		5130.7	6.9	5101.8	6.6	5154.2	4.7	III		
4490.3	6.0	4476.7	5.7	4482.0	5.8	4476.1	5.7	Annual	1987	
4792.0	6.7	4758.7	6.3	4763.3	6.3	4801.7	7.3	Annual	1988	
								Gross National Product Billions of Constant (1982) Dollars		
$3793.7	**2.3%**	**$3793.7**	**2.3%**	**$3793.7**	**2.3%**	**$3793.7**	**2.3%**	**II**	**1987**	**Actual**
3829.1	3.8	3812.8	2.0	3823.8	3.2	3808.4	1.6	III		
3857.7	3.0	3841.5	3.0	3847.4	2.5	3839.2	3.3	IV		
3874.2	1.7	3859.5	1.9	3855.0	0.8	3881.5	4.5	I	1988	
3886.2	1.2	3886.6	2.8	3906.0	5.4	3917.8	3.8	II		
3908.5	2.3	3913.6	2.8	3916.9	1.1	3949.2	3.2	III		
3935.2	2.8	3935.4	2.2	3933.0	1.7	3973.5	2.5	IV		
		3963.8	2.9	3959.3	2.7	3995.9	2.3	I	1989	
		3990.0	2.7	3983.0	2.4	4015.8	2.0	II		
		4015.7	2.6	4006.8	2.4	4017.6	0.2	III		
3813.2	2.7	3805.1	2.5	3809.3	2.6	3803.4	2.4	Annual	1987	
3901.0	2.3	3898.8	2.5	3902.7	2.5	3930.5	3.3	Annual	1988	
								Gross National Product deflator Index, 1982 = 100		
117.2	**3.4%**	**117.2**	**3.4%**	**117.2**	**3.4%**	**117.2**	**3.4%**	**II**	**1987**	**Actual**
118.2	3.3	118.1	3.1	118.2	3.4	118.2	3.3	III		
119.5	4.5	119.1	3.4	119.1	3.1	119.2	3.6	IV		
120.8	4.4	120.3	3.9	121.1	6.8	120.3	3.5	I	1988	
122.1	4.4	121.4	3.7	121.2	0.4	121.4	3.8	II		
123.5	4.7	122.7	4.4	122.4	4.0	122.7	4.5	III		
125.0	4.9	123.9	4.0	123.5	3.7	124.2	4.9	IV		
		125.3	4.5	124.8	4.2	125.6	4.5	I	1989	
		126.5	3.9	126.0	4.1	126.9	4.2	II		
				127.3	4.1	128.3	4.6	III		
117.8	3.2	117.6	3.2	117.7	3.2	117.7	3.2	Annual	1987	
122.9	4.3	122.0	3.7	122.0	3.7	122.2	3.8	Annual	1988	
								Unemployment Rate		
	6.2%		**6.2%**		**6.2%**		**6.2%**	**II**	**1987**	**Actual**
	6.0		6.0		6.1		6.0	III		
	5.9		6.0		6.0		6.0	IV		
	6.2		6.1		5.9		5.9	I	1988	
	6.5		6.1		5.8		5.7	II		
	6.5		6.0		5.8		5.6	III		
	6.3		6.1		5.8		5.5	IV		
			6.0		5.8		5.6	I	1989	
			6.0		5.8		5.7	II		
			6.0		5.8		6.0	III		
	6.2		6.2		6.2		6.2	Annual	1987	
	6.4		6.1		5.8		5.7	Annual	1988	

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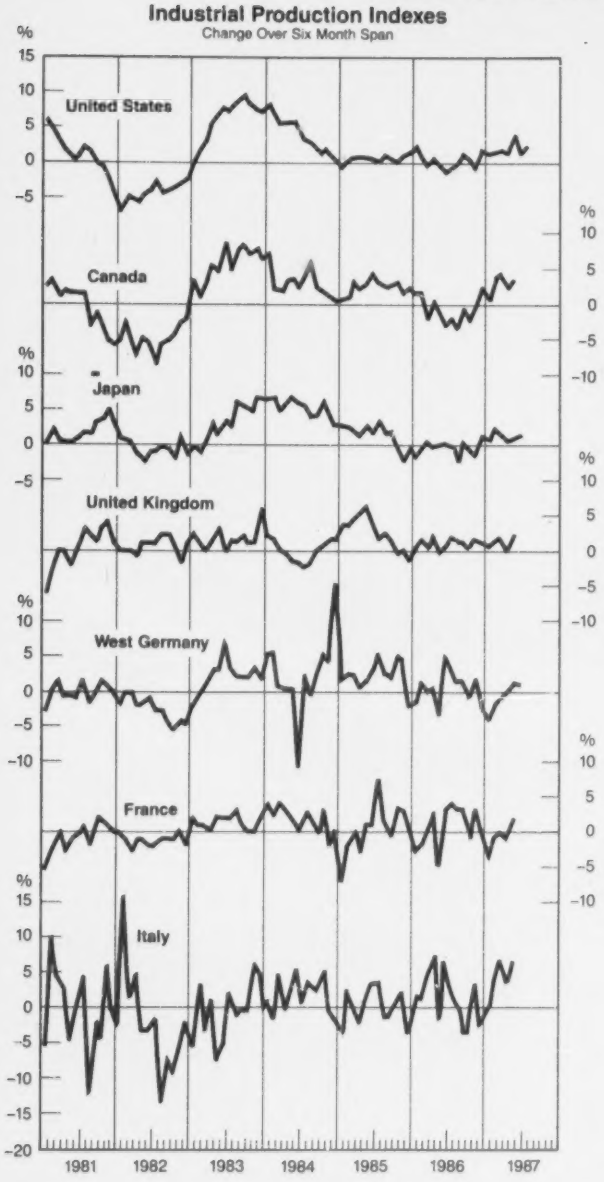
Selected International Comparisons

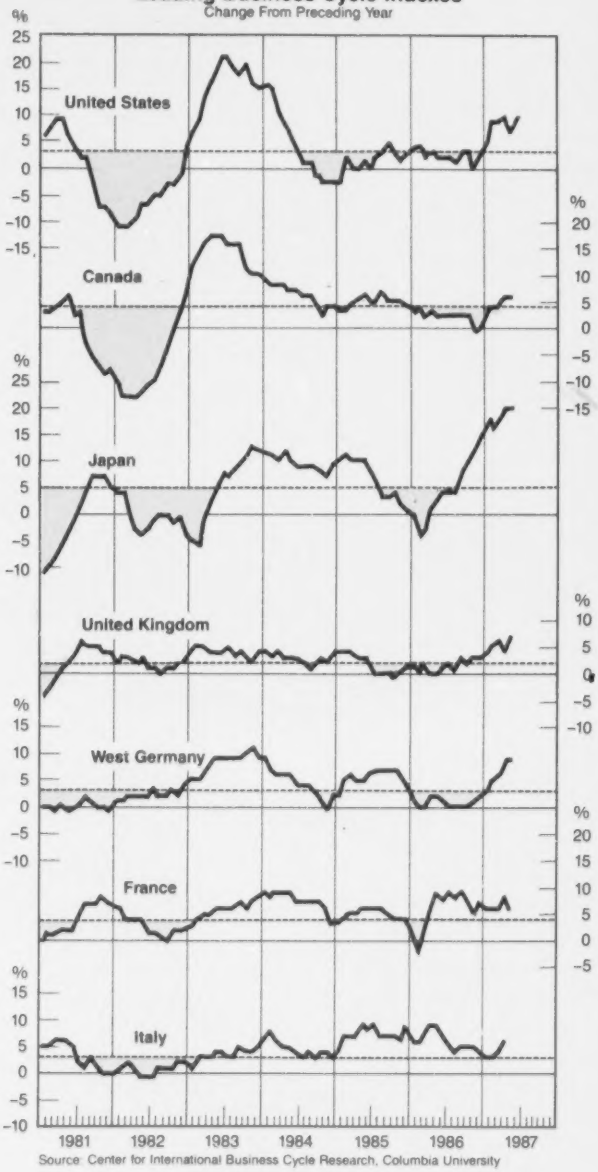
Industrial Production Indexes

Change Over Six Month Span



Leading Business Cycle Indexes

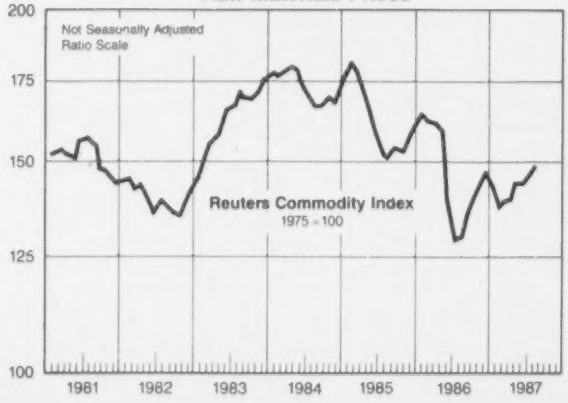
Change From Preceding Year



Source: Center for International Business Cycle Research, Columbia University

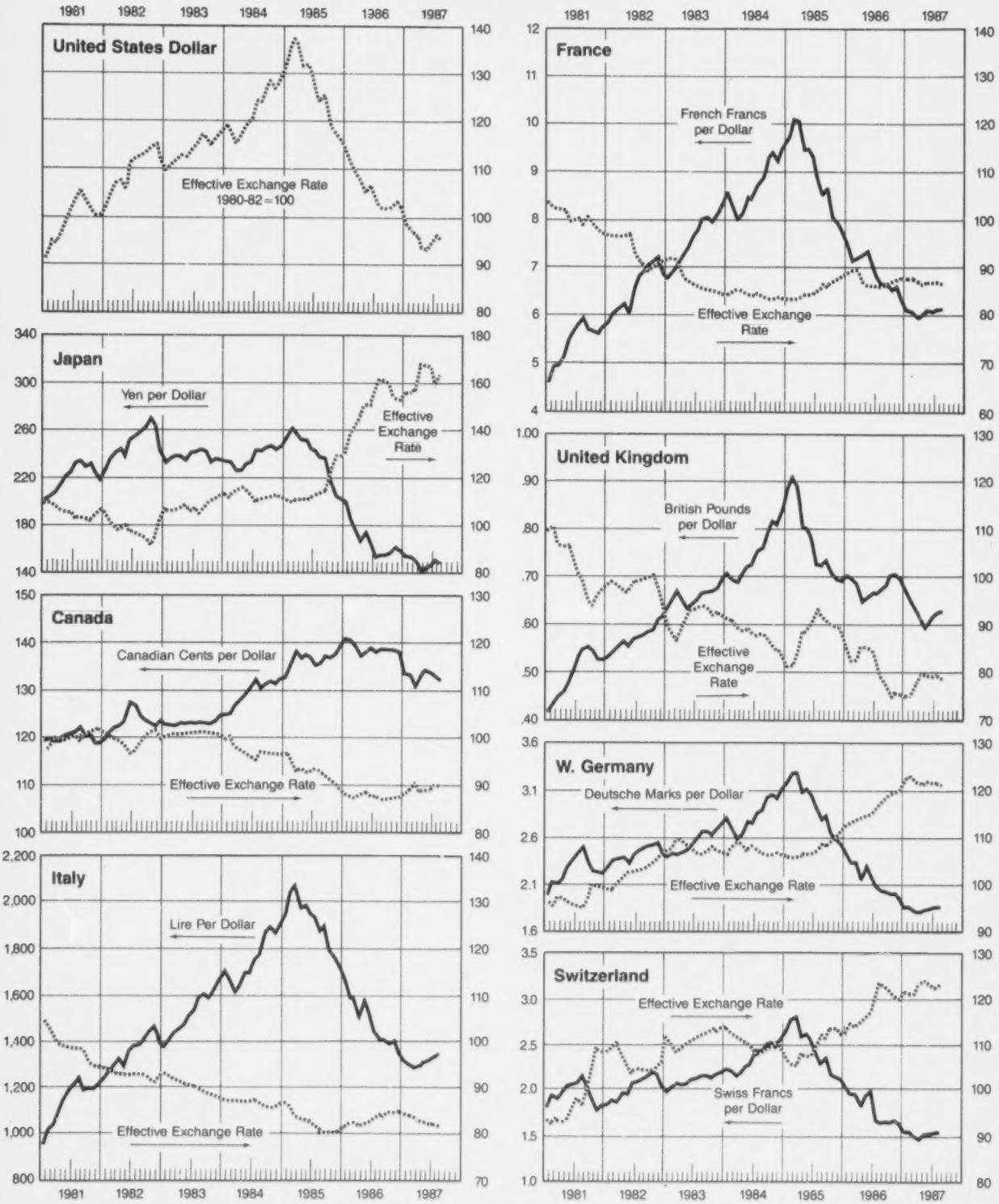
Merchandise Trade: Value of Exports

Raw Materials Prices



Foreign Exchange Rates

Indexes: 1980-82=100



Note: Nominal Effective Exchange Rates: index numbers 1980-82=100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

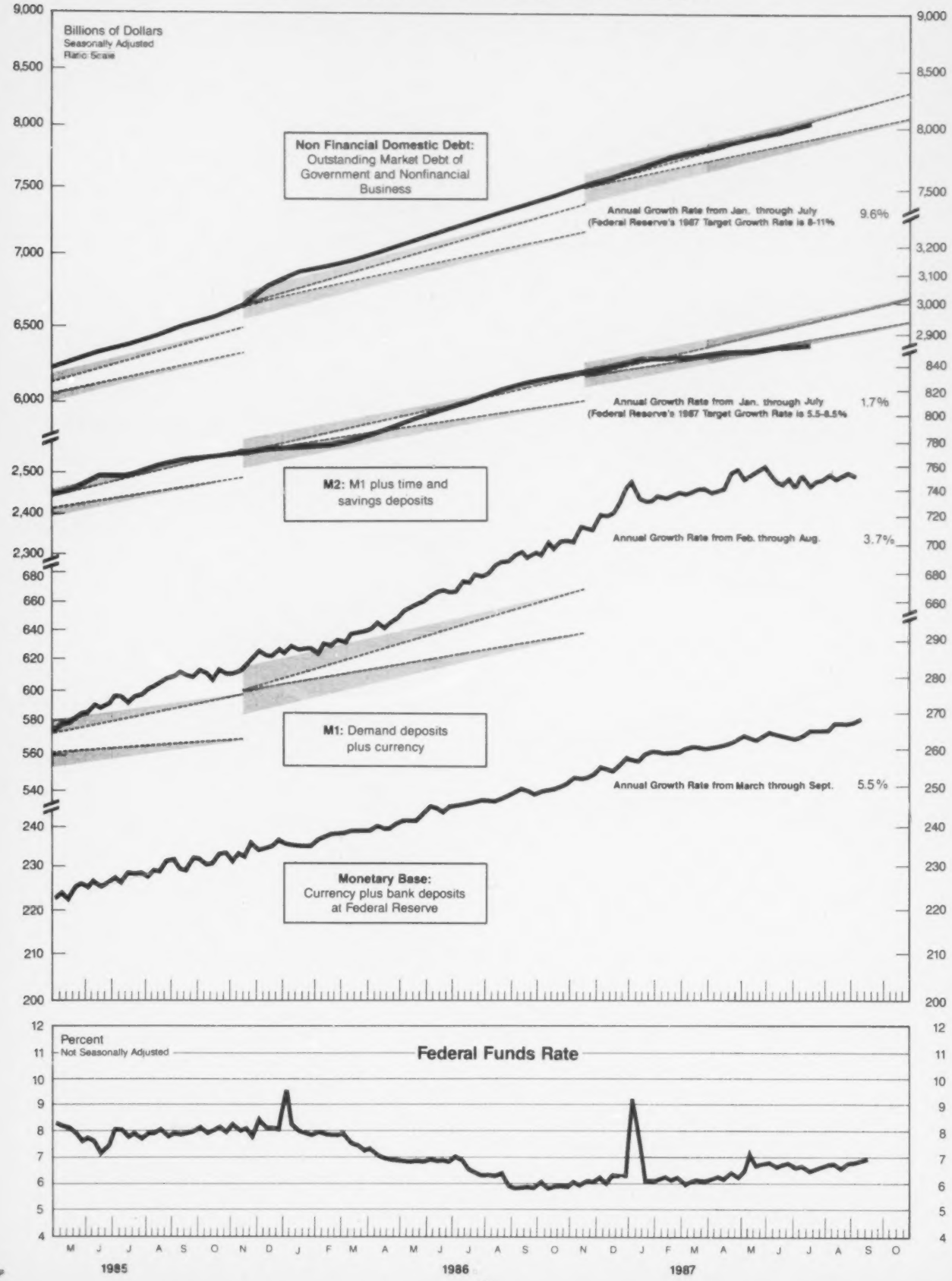
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987	Fiscal 1988	
	Actual	Administration's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimate
		(8/17/87)	(8/17/87)	(6/17/87)
Receipts	**$769.1**	**$858.5**	**$909.0**	**$ 918.1**
Outlays	**989.8**	**1,016.9**	**1,032.3**	**1,055.5**
Deficit	**-220.7**	**-158.4**	**-123.3**	**-137.4**
Receipts by source	**$769.1**	**$858.5**	**$909.0**	**$ 918.1**
Individual income	349.0	392.8	396.1	
Social security	283.9	301.9	331.8	
Corporate income	63.1	89.6	105.4	
Other receipts	73.1	74.2	75.7	
Outlays by function	**$989.2**	**$1,016.9**	**$1,032.3**	**$1,055.5**
National defense	273.4	282.2	297.5	289.5
Social security	269.0	281.3	293.2	302.4
Income security	119.8	124.0	124.8	131.5
Health	35.9	40.3	40.9	44.9
Education & manpower	29.7	30.7	33.3	32.9
Veterans benefits	26.4	27.0	28.6	27.4
Transportation	28.1	27.6	26.3	28.3
Agriculture	31.4	29.0	21.2	28.6
International affairs	14.2	13.6	14.8	16.1
Natural resources	13.6	14.3	14.8	15.1
General science	9.0	9.6	11.6	11.1
Justice	6.6	8.2	9.3	9.4
General government	6.1	7.0	7.0	7.2
Community development	7.5	6.0	5.4	6.6
Commerce, Housing credit	4.4	8.5	7.5	7.8
Energy	4.7	3.7	3.4	4.6
Revenue sharing	6.4	1.6	1.5	1.8
Interest	136.0	139.6	144.7	139.3
Allowances	0.0	0.0	0.7	- 0.7
Offsetting receipts	- 33.0	- 37.2	- 45.3	- 47.9

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP				
Current Dollar	**$4,218**	**$4,491**	**$4,830**	**$4,779**
Constant (1982) Dollar	**3,681**	**3,811**	**3,936**	**3,898**
Percent change in				
Current dollar	5.5%	6.1%	7.5%	6.9%
Constant (1982) dollar	2.7	2.6	3.3	3.0
Implicit price index	2.8	3.3	4.1	3.8
Consumer price index	1.6	3.6	4.4	4.3
91-Day T bill rate	6.0	5.7	5.5	5.6
Unemployment rate	6.9	6.2	5.9	6.5

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from Jan. through July 9.6%
(Federal Reserve's 1987 Target Growth Rate is 8-11%
Annual Growth Rate from Jan. through July 1.7%
(Federal Reserve's 1987 Target Growth Rate is 5.5-8.5%
M2: M1 plus time and savings deposits
Annual Growth Rate from Feb. through Aug. 3.7%
M1: Demand deposits plus currency
Annual Growth Rate from March through Sept. 5.5%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O
1985
1986
1987

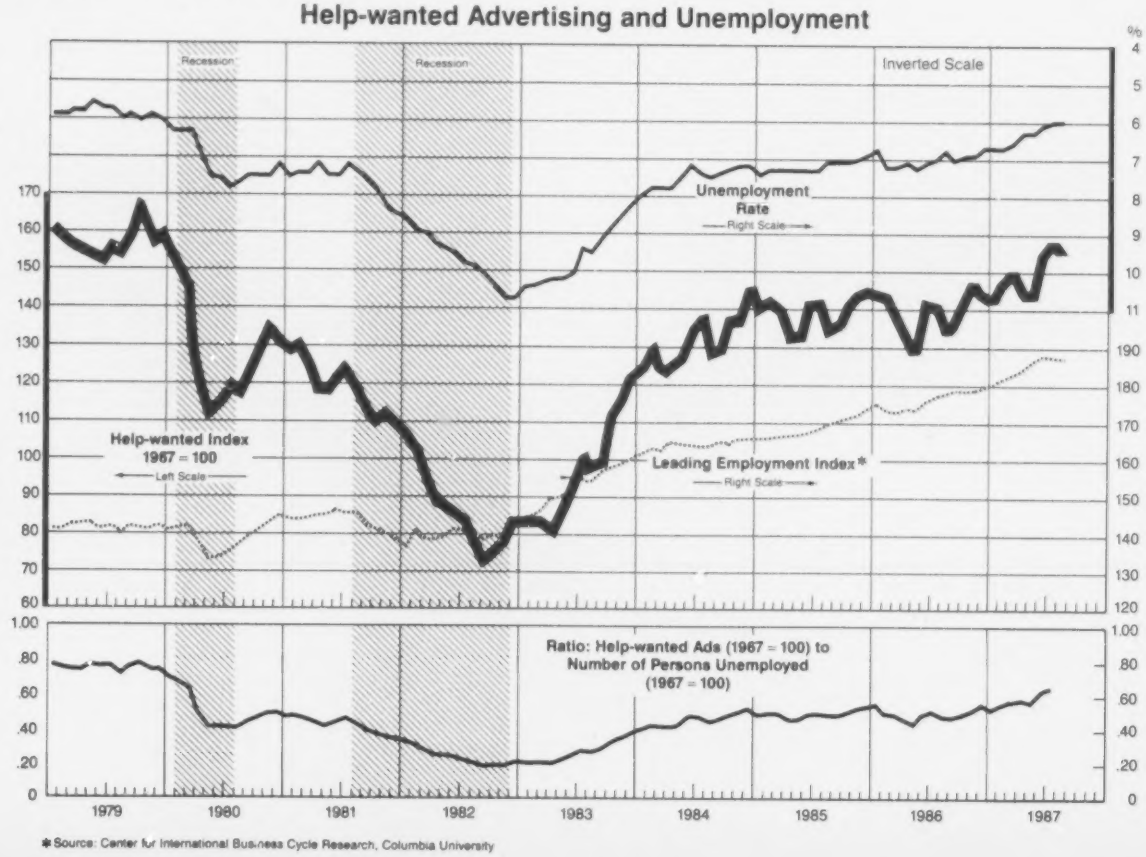
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1987 Jul.	1987 Jun.	1987 May	1986 Jul.
National Index	158	155r	144	140
New England	186	193	181	169
Boston	184	189	185	172
Hartford	195	196	187	178
Providence	181	202	162	153
Middle Atlantic	95	92	83	82
Albany	300	265	200	187
Allentown	385	374	306	279
New York	66	67	64	62
Philadelphia	86	79	70	74
Pittsburgh	95	89	85	86
Rochester	94	93	82	84
Syracuse	162	151	135	147
East North Central	105	105	98	94
Chicago	120	120r	111	103
Cincinnati	157	156	148	148
Cleveland	75	71	63	66
Columbus	187	184	173	157
Dayton	85	86	85	87
Detroit	57	56	56	61
Gary	150	179	151	124
Indianapolis	114	125	113	105
Milwaukee	83	72	61	65
Toledo	124	122	123	113
West North Central	95	96	92	95
Kansas City	140	144	140	172
Minneapolis	87	85	80	72
Omaha	140	139	138	116
St. Louis	64	68	63	65
South Atlantic	239	214r	189	194
Atlanta	279	277	259	274
Baltimore	345	226	180	233
Charlotte	202	199	186	161
Jacksonville	254	267	238	228
Miami	151	120r	96	87
Richmond	167	174	161	143
Washington, D.C.	207	215	194	182
East South Central	183	172	150	163
Birmingham	176	167	110	164
Knoxville	263	260	270	206
Louisville	99	102	83	92
Memphis	145	147	144	128
Nashville	284	240	210	260
West South Central	170	167	155	170
Dallas	153	158	136	186
Houston	238	227	215	219
New Orleans	123	115	113	107
Oklahoma City	122	119	102	105
San Antonio	138	144	142	159
Tulsa	139	140	130	126
Mountain	308	315	302	278
Denver	211	197	181	187
Phoenix	407	442	431	383
Salt Lake City	355	363	353	304
Pacific	231	235r	231	203
Los Angeles	157	164	156	140
Sacramento	452	443	461	399
San Bernadino	N.A.	272r	272	242
San Diego	533	560	531	461
San Francisco	239	235	239	208
Seattle	224	217	226	198
Percentage of papers with rising volume	55	90	73	45
Unemployment rate	6	6.1	6.3	7

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



*Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1984	103.9	101.0	101.1	106.1	104.8	105.8	100.4	103.1	100.0	99.1	105.4	97.0
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8r	110.1p				

Buying Plans Index

1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6
1987	98.9	93.1	98.7	89.7	113.4	94.5	96.0r	96.1p				

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary

Consumer Confidence and Expectations

CBDB

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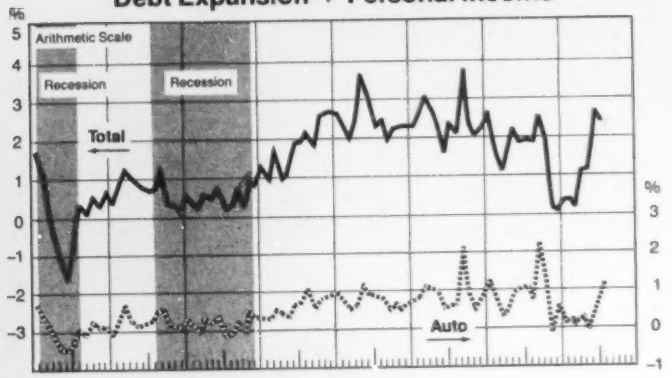
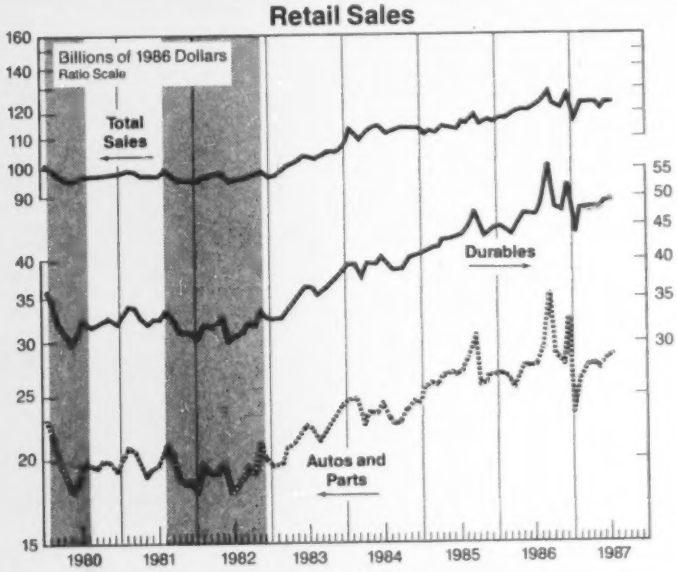
Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



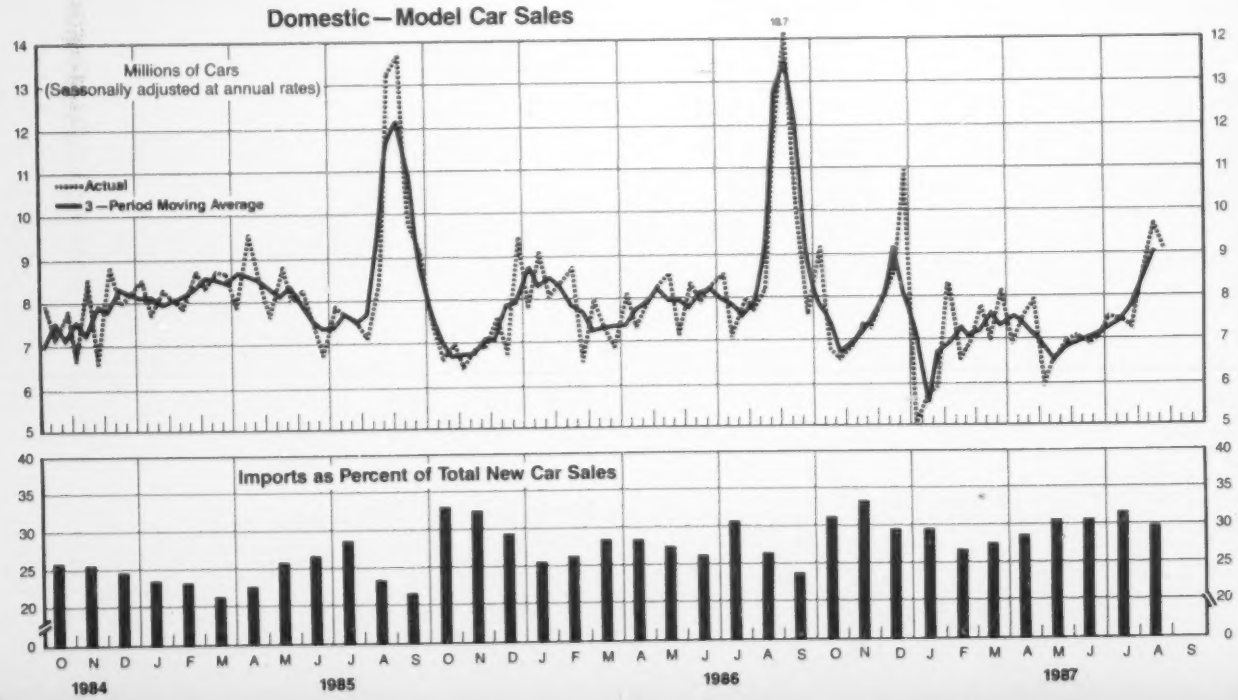
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1984	1985	1986	1987
January:	1-10	8.16	8.46	7.76	4.78
	11-20	7.84	7.66	9.05	5.71
	21-31	9.15	8.23	8.02	5.95
February:	1-10	7.79	8.01	8.36	8.26
	11-20	9.17	7.84	8.71	6.46
	21-28(29)	7.60	8.69	6.47	6.87
March:	1-10	7.35	8.27	7.93	7.76
	11-20	8.13	8.73	7.23	6.95
	21-31	7.35	8.67	6.81	8.13
April:	1-10	8.88	7.84	8.06	6.85
	11-20	7.96	9.48	7.25	7.52
	21-30	8.60	8.42	7.92	7.89
May:	1-10	8.19	7.60	8.30	5.93
	11-20	7.74	8.78	8.57	6.44
	21-31	8.43	7.96	7.09	6.96
June:	1-10	7.22	8.21	8.27	6.95
	11-20	8.25	7.51	7.84	7.03
	21-30	8.10	6.71	8.30	7.45
July:	1-10	9.51	7.81	8.50	7.42
	11-20	8.32	7.63	7.03	7.29
	21-31	8.59	7.57	7.96	8.53
August:	1-10	7.33	7.09	7.64	9.60
	11-20	8.07	8.30	8.19	9.03
	21-31	7.43	13.23	11.65	8.99
September:	1-10	8.13	13.64	18.67	
	11-20	8.52	9.70	9.87	
	21-30	6.03	9.10	7.58	
October:	1-10	7.83	7.40	9.07	
	11-20	7.07	6.57	6.72	
	21-31	7.70	6.92	6.51	
November:	1-10	6.60	6.40	6.80	
	11-20	8.44	6.81	7.32	
	21-30	6.57	6.91	7.23	
December:	1-10	8.75	7.56	7.95	
	11-20	7.96	6.69	8.54	
	21-31	8.19	9.31	10.93	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3—Period Moving Average
18.7
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1984
1985
1986
1987